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BIWEEKLY REPORT

**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR-1/25

21 January 1957

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
4 - 17 January 1957

Efforts of the Sino-Soviet Bloc to expand economic relations with the Free World received two minor setbacks during the period 4 - 17 January 1957. In the Far East, Burmese authorities disclosed that rice exports to European Bloc countries will be sharply reduced in 1957. In the Middle East, although it appears that Hungary will attempt to meet existing obligations toward Egypt, the October 1956 revolt will have an impeding effect on Hungary's commitments to supply capital equipment to Egypt.

The reduction in Burmese rice exports to European Bloc countries was initiated by Burma because of its current ability to sell rice for cash elsewhere and its dissatisfaction with many of the Bloc trading arrangements. Burma, however, has signed two new contracts with Communist China whereby China will continue to supply experts to assist in the expansion of the Burmese textile industry.

In other significant activities the Sino-Soviet Bloc continued its efforts to expand economic relations with Free World countries. Czechoslovakia is reported to have sold arms to Yemen valued at \$8 million to \$9 million, and Afghanistan has contracted for a second cement plant to be constructed by Czechoslovakia.

Additional economic activities of the Sino-Soviet Bloc include the following:

1. Communist China and Ceylon have signed a contract for 1957 under the 5-year rice-rubber agreement, continuing planned trade at the level of the previous years.

2. The USSR and Afghanistan have signed a trade protocol covering trade exchanges between the two countries during 1957-58.

3. Poland has agreed to construct a factory for a sugar firm in India.

4. North Vietnam and Indonesia have signed a 1-year trade agreement, the first agreement which Indonesia has signed with North Vietnam.

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